



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

SEP 18 2019

Honorable Russ Fulcher  
House of Representatives  
Washington, D.C. 20515

Dear Congressman Fulcher:

This responds to your request for the views of the Department of the Interior on H.R. 4026, the Enhancing Geothermal Production on Federal Lands Act, which authorizes a categorical exclusion for geothermal exploration test projects; directs the Department of the Interior (DOI) to establish priority areas for geothermal leasing; and allows for noncompetitive geothermal leasing for co-production of geothermal energy from a producing oil and gas well and for noncompetitive leasing on parcels adjacent to existing leases under certain conditions.

The Administration is committed to developing a diverse portfolio of energy resources, including oil and gas, coal, and renewable energy resources such as wind, geothermal, and solar – all of which may be developed on America's public lands. This approach strengthens American energy security, supports job creation, and strengthens America's energy infrastructure. Geothermal is an important piece of this strategy.

The Department supports the goal of H.R. 4026 to enhance geothermal production on public lands, and we would like to continue to work with you on opportunities to achieve this shared goal.

Nearly all of the potential for development of Federal geothermal energy is located in 11 western States and Alaska. Approximately 200 million acres of public lands are open to geothermal leasing on both BLM and Forest Service managed lands. The BLM currently manages over 361 geothermal leases, 70 of which are in production. Together these leases generate almost 1,900 megawatts of electrical capacity, representing about 40 percent of the total U.S. geothermal energy generated. For comparison, Hoover Dam has just over 2,000 megawatts of capacity.

Currently, each geothermal project requires separate environmental review under NEPA at the resource confirmation phase, as well as when the resource is to be utilized. Under Secretary's Order 3355, *Streamlining National Environmental Policy Reviews*, the BLM has improved the environmental review process for all energy development projects, including geothermal. The Department of Energy's GeoVision report has also found that improved regulatory timelines for the drilling of resource confirmation wells could reduce the administrative costs of geothermal development on public lands and spur new development. Drilling geothermal resource confirmation wells is expensive and more technically demanding than drilling many conventional oil and gas wells, and such activity necessarily carries financial risk for the driller. Reducing administrative costs from this phase has the potential to expand the development of

current leases and encourage bidding on new leases. BLM is exploring opportunities to further streamline NEPA reviews and other permitting processes administratively to facilitate greater use of these important resources.

The BLM is interested in ways to streamline the permitting process for geothermal exploration and intends to further evaluate the potential for administrative categorical exclusions for the drilling of resource confirmation wells among other changes, in order to reduce the administrative costs of geothermal development on public lands and accelerate such development where possible.

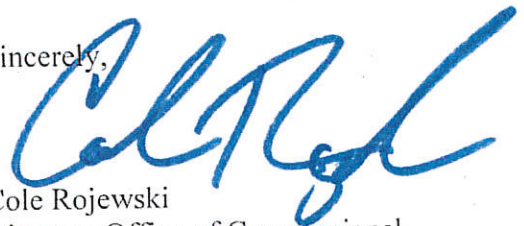
The BLM also shares the goal of H.R. 4026 to simplify and expedite the geothermal permitting and development process. While using the BLM's land use planning process helps identify and mitigate conflicts on the front end, the BLM would like to work with you to ensure that any prioritization process encourages research and exploration of geothermal resource areas that are not as well defined or understood.

We appreciate your effort to facilitate co-production of geothermal energy from a producing oil and gas well and would like to work with you on how best to achieve such a goal. We note that this is a complicated matter, and BLM would need to draft new regulations and guidance for co-producing geothermal and oil and natural gas resources.

Finally, Section 5 allows for noncompetitive leasing for up to 640 acres of Federal land, that adjoin other land for which a qualified lessee holds a legal right to develop geothermal resources. The BLM generally supports maintaining competitive leasing processes for the development of Federal energy resources but recognizes that there are situations in which non-competitive leasing may be appropriate. We would like to work with you to further consider this concept and to ensure that the Department's Office of Valuation Services will determine the fair market value of the resources to be leased consistent with DOI's standard valuation practices under any new statutory direction.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,



Cole Rojewski  
Director, Office of Congressional  
And Legislative Affairs